Azure

INTCOMEX CLOUD

Planning to buy a new server?
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Cloud servers vs. In-house. Which is the best solution? Which will cost you less in the long run? These are questions that small- and medium-sized business owners have been asking themselves for several years now. To help you make the right decision, we've taken a hard look at both options.

Let's start with In-house servers

You know what we're talking about. Those tall, shiny racks with blinking lights that take up space in a back room of your office. Until recently, the on-premises server was the only choice available to store applications, share files and run your email service. Now most data is stored in the public cloud. This works great for some businesses. But is it right for you?

If your server is just down the hall, you have a lot more control. You don't have to pay hosting fees, you can upgrade it to meet your company's requirements and you don't have to rely on anyone else, (like a cloud service) for security.

On the other hand, running an in-house server can get pretty expensive. You'll have to put a lot of money upfront to buy equipment and software. And, who will look after the server once you install it? Unless you're an IT whiz, you'll have to hire a professional to maintain it. And don't forget the money you'll spend on renewing software licenses and hardware upgrades.
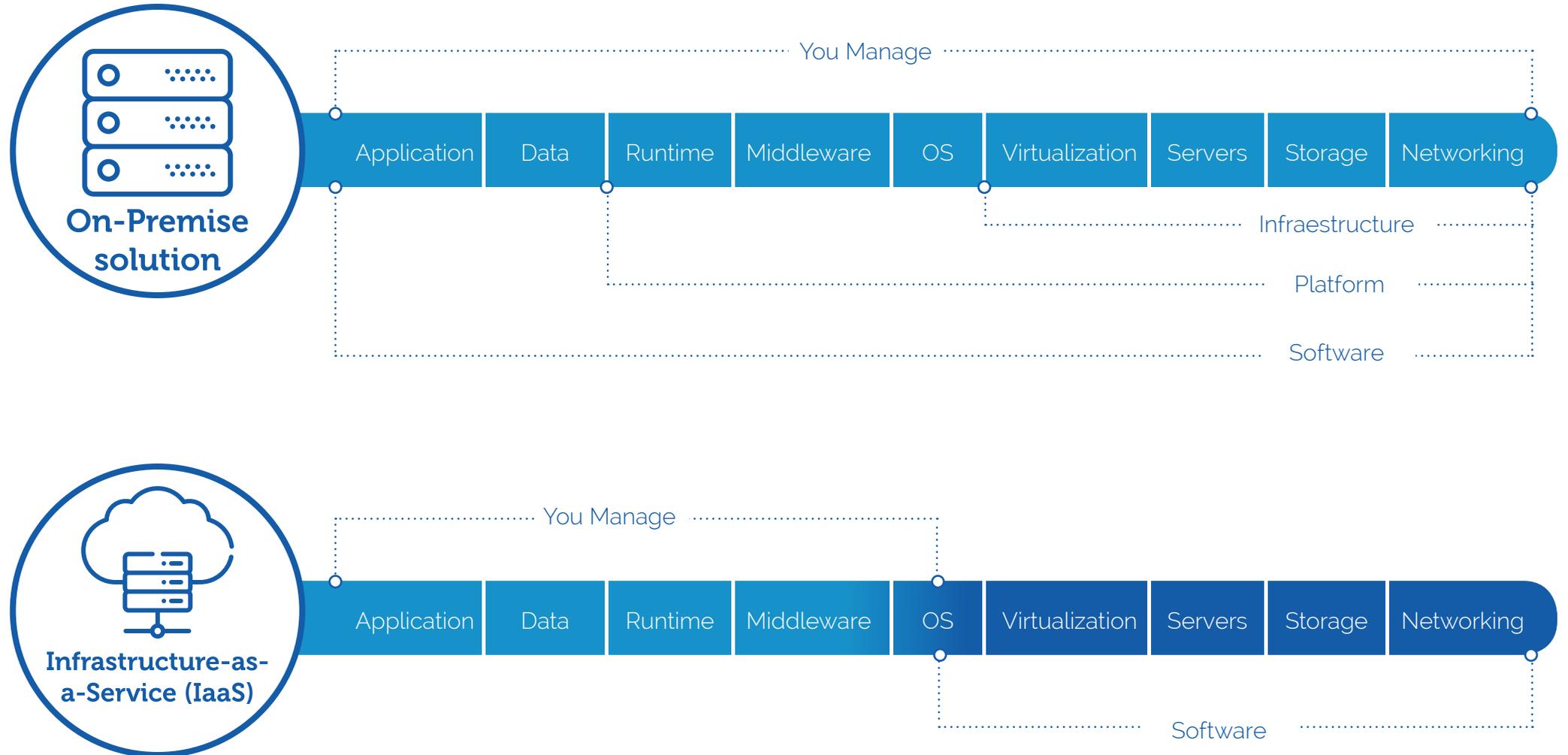
Hosting your servers in the cloud

The cloud server works well for some businesses but it also has its drawbacks. On the positive side, it's a great solution for a small business that has a lot of virtual workers or big workload variations. If you opt for a cloud-based server, you don't need specific skills to manage it and you don't have to pay professionals to look after it. You can use the money you save on salaries for other projects. A cloud server also allows you to scale up or down, to meet your business needs.

Here are the disadvantages. If you want to run a cloud server, you'll need a reliable Internet connection. Any loss of connection will prevent you to access your virtual machines. Also, cloud servers are reputed for being very secure. But if your company handles sensitive information, such as financial data or health records, you may think twice about sending your data out there. Finally, don't forget about those monthly hosting fees. Is your business prepared for that?

Cloud vs. On-premises

Who does what?

On-Premise solution

Application	Data	Runtime	Middleware	OS	Virtualization	Servers	Storage	Networking

You Manage

Infraestructure

Platform

Software

Infrastructure-as-a-Service (IaaS)

Application	Data	Runtime	Middleware	OS	Virtualization	Servers	Storage	Networking

You Manage

Software

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What else should you consider?

Cloud Cost

What does your current infrastructure look like? In some cases, it may be cheaper to switch to cloud computing than to start the whole process of buying in-house servers and dealing with the configuration, installation and maintenance that follows. Do your servers meet your current needs or have you fallen into the trap of buying machines with extra power in case you need it one day? If you opt for virtual servers in the cloud, you won't have to do this. With cloud servers, you pay only for what you use, when you use it. You can always modify your capacity at a later date. If you're concerned about paying for software licenses, you should know that some licensing costs are factored into the price for cloud services. That's one less thing to worry about.

Reliability

You should be able to depend on your servers and their redundancy to run your applications and workloads. If one of your cloud servers fails, in a redundant configuration, another one takes over the operations, and it's pretty easy to provision a new server to replace the faulty machine. Downtime is minimal and the added cost to get your business back on track is low.

On the other hand, setting up a redundant system and software for an on-premises server can be pretty expensive. Either you have a duplicate server running somewhere else or you have to move fast to repair the one you have so you can get your website or application up and running. Whether you go in-house or cloud, a good disaster recovery plan will help you save both time and money.

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Easy Disaster Recovery

Setting up a disaster recovery plan is much easier for virtual servers in the cloud. To begin with, the servers are already offsite and most vendors will provide off-site backups. Your cloud vendor will also ensure that you have redundant network routes, redundant power supplies, and other infrastructure components. You can also set up mirrored virtual machines or other recovery options in your cloud environment without buying more hardware.

If you run an in-house server, you're on your own. A recent survey by the British DR firm, Plan B, showed that 60% of respondents felt they should remain responsible for their disaster recovery rather than trusting it to an outside vendor.

However, the results also showed that many companies are taking a serious gamble with their own DR plans simply because they don't test them enough.
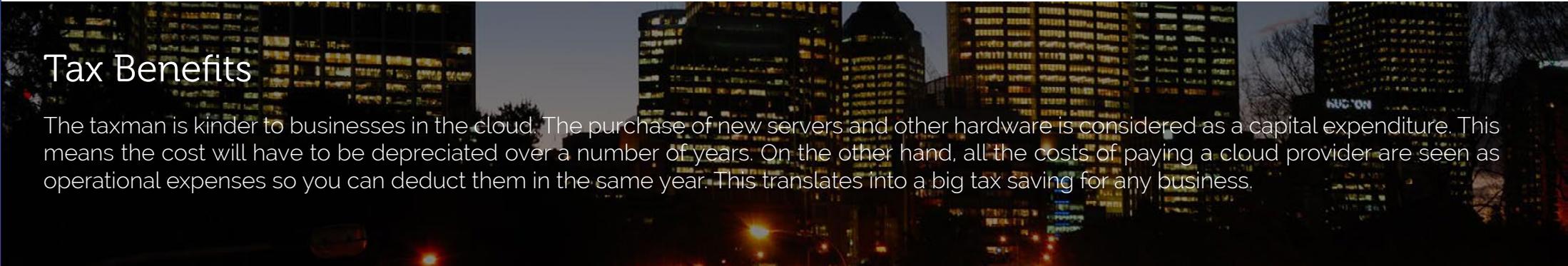
Tax Benefits

The taxman is kinder to businesses in the cloud. The purchase of new servers and other hardware is considered as a capital expenditure. This means the cost will have to be depreciated over a number of years. On the other hand, all the costs of paying a cloud provider are seen as operational expenses so you can deduct them in the same year. This translates into a big tax saving for any business.

Performance

As we already mentioned, resources on a cloud server can be scaled up or down to suit your business needs. This kind of flexibility allows you to add or remove RAM, CPU, and hard drive space as you need it.

When you're using an on-premises server, your ability to scale resources depends largely on the physical hardware. If you want to add more resources to your applications and services, you'll need more hardware. You may also need load balancers, switches, ne-

twork configuration, advanced server configuration, routers, etc. This is a complex undertaking, which can be both costly and time consuming.

Another possibility is the hybrid solution, which combines the best of both worlds. Because it's so easy to scale resources on a cloud server, some businesses prefer to use both, opting for the in-house resources for regular workloads and switching to the cloud during peak periods (cloud bursting) or for testing and developing.

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Factor	Public cloud	In-House
IT Infrastructure	Limited or no internal IT resources Not willing to invest in or support additional IT infrastructure	IT support available with software domain expertise Solid backup and security strategy
Implementation Time	Varies by project Implementation time usually shorter than on-premises solutions. Installation, infrastructure preparation and some configurations are completed by the IaaS vendor.	Varies by project Implementation time can be about 1 – 2 months longer than a comparable cloud-based installation.
Initial Service Investment	Less expensive than in-house solutions Installation, infrastructure preparation and some configurations are completed by the IaaS vendor.	Prepare to spend about $1 - $2 for every dollar spent on the initial software license.
Capex vs. Opex	Capital expenses are converted into an operational expense, which is good for maximum cash flow flexibility.	Software and hardware are capital expenses
Software Investment	Company pays license fee to use the software. One predictable monthly payment covers everything from infrastructure and vendor software support to daily back-ups and software upgrades.	Company pays license fee and owns the software. Upfront purchase. Annual maintenance / subscription renewals about 20 – 25% of initial license price.
Ongoing Service Investment	Consulting available	Software upgrades every 12 – 24 months. Technical support and consulting available.
Hardware / Infrastructure Investment	A reliable Internet connection	Server hardware and software, data backups, storage, disaster recovery, remote access and network connectivity
Company Profile	Fast-growing companies that want to invest in an affordable solution that can grow with them Want anywhere, anytime access without investing in IT infrastructure	Established companies that are able to purchase and implement the software themselves Minimum time frame: 5 – 7 years.

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